

Plymouth acquires advanced tungsten-tin Project in Spain

ASX via e-lodgement:
7 October 2013

PROJECT HIGHLIGHTS

- Plymouth to acquire the Morille tungsten-tin Project
- High-grade, brownfields Project, tungsten producing region
- Excellent metallurgical recoveries and a producer of premium specification concentrate
- Drill targets identified and drilling to commence Q4,2013 or Q1,2014
- Supportive partner and local authorities
- Proximal to other opportunities under review by Plymouth and compliments regional focus
- Tungsten market is robust with supply shortages predicted in medium term

ACQUISITION HIGHLIGHTS

- Cash and share based payments of €300,000 (~A\$420,000) over 12 months to earn 80% interest in the Project
- Partner has 20% free-carry interest until 'decision to mine' and has prepared the Project for rapid advancement
- Allows Plymouth to grow and also manage existing cash reserves and assess Project development on a staged basis
- Complements existing projects and technical skills of Plymouth board and management
- Supportive local landholders and excellent technical services available in region

Plymouth Minerals Limited

ASX: PLH

Capital Structure

(as at 1 September 2013)

32,150,000 shares
6,000,000 options 30c
10,716,667 options 25c

Cash \$2.6m

Board of Directors

Charles Schaus
Non Exec Chairman

Adrian Byass
Managing Director

Steve Brockhurst
Nicholas McMahon
Non Exec Directors

Rob Orr
Company Secretary

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Plymouth Minerals Limited (ASX: PLH) ("Plymouth", "the Company") is pleased to announce it has secured an agreement to acquire an 80% beneficial interest in the Morille tungsten-tin Project (Morille) in Spain (Figure 1).

Plymouth has negotiated to acquire a 100% holding in Spanish company, Castilla Mining S.L., from Aurum Mining PLC. Castilla Mining S.L. has an 80% beneficial interest the Morille Project, which comprises five Investigation Permits covering multiple historic underground and open pit tungsten and tin mines.

The Morille Project is a brownfields exploration and development opportunity located in the Salamanca Province, within the Castilla y León Region, in central Spain. Plymouth views the project as an excellent opportunity, as previous production results indicate that it produced a sought-after, high quality tungsten concentrate until its closure in 1985 due a rapid decline in the tungsten price.

The Company aims to commence exploration activities in the near future, and plans to explore for extensions of known mineralisation, repeats and new discoveries. A first phase of drilling is planned for late 2013 or early 2014. **Details of consideration for the acquisition are provided in this announcement.**

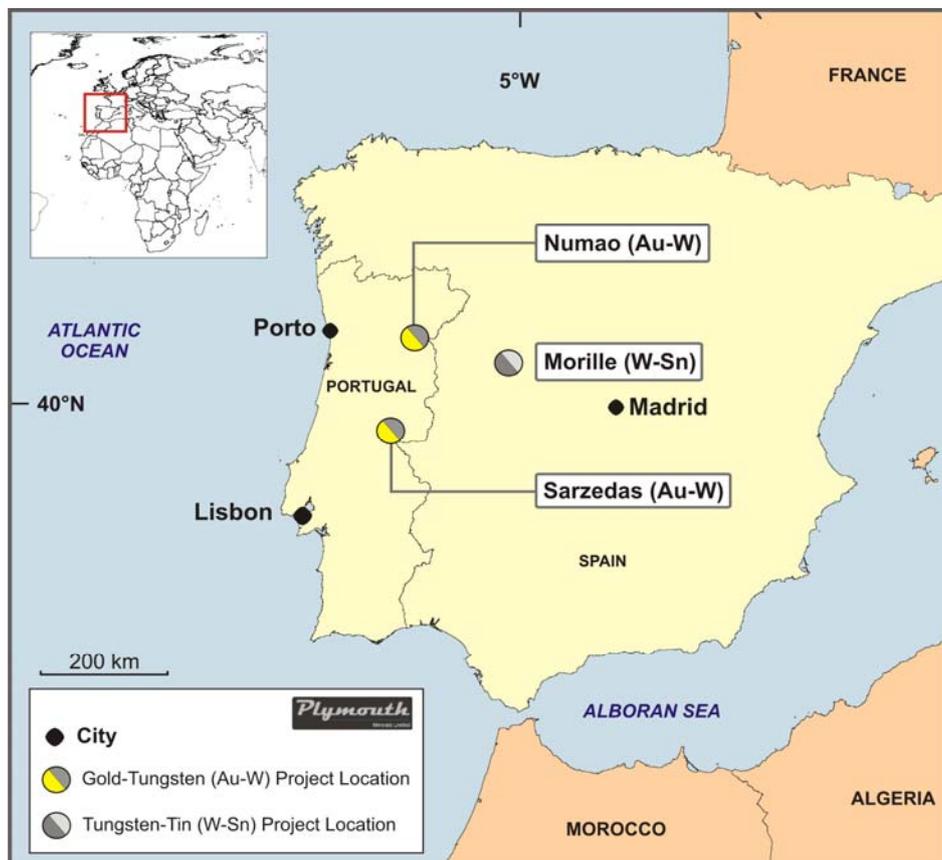


Figure 1: Location of Morille Project in relation to other Plymouth Projects under review in the Iberian region.

The Project is serviced by excellent infrastructure (workforce, road, rail, water, power) and mining in the region is supported by government, on a local and national level. Plymouth is confident to explore in this region and believes it offers an ideal setting to develop a mining Project.

Plymouth Managing Director Adrian Byass commented:

“The Morille Project brings together the specialty metal and development skills of the Plymouth Board and management and combines them with an advanced tungsten project in a tungsten producing region. The tungsten price is robust with strong fundamentals going forward. This acquisition complements other projects currently under review by Plymouth in the region and is further evidence of the Company’s growing regional focus in the Iberian Peninsula. We consider the acquisition has exciting potential to deliver a solid tungsten project in a mining friendly district, and the Company remains well funded to acquire the project. We look forward to working with our partner, Aurum Mining PLC in advancing this project as rapidly as possible.”

PROJECT

The Morille Project consists of five investigation permits (exploration licences) in central Spain (see appendices) which cover a contiguous area of over 57km² (Figure 2). Over 50 mineral occurrences/workings have been documented within the tenements. The majority were small artisanal workings operated during fragmented tenure ownership. The larger of these historical mines within the project area are known as the; Alegria (Figure 3), Claudina, Mundaca and Anarbellas tungsten mines. The region hosts tungsten mines currently in operation (e.g. Los Santos, Almonty Industries) that has recently been permitted and brought into production in the modern environment. The region has historically produced a large portion of western tungsten supply.

Previously mined mineralisation at the project is characterised by two styles;

- 1) calcosilicate host units, stratiform, located between transported sedimentary material, with mineralisation predominantly in the form of scheelite (Ca WO₄) and,
- 2) quartz veins cross-cutting sediments and sedimentary hosted mineralisation typified by calcosilicate units. Quartz vein hosted mineralisation is typically as cassiterite (SnO₂) and lesser scheelite and wolframite WO₄ (Fe, Mn).

Limited drilling in the 1980’s by the Spanish Geological Survey and sampling by Aurum confirms the presence of tungsten mineralisation, and mineralisation at the project was not mined out at its time of closure in 1985. There is a broad change from tin-rich (Sn) mineralisation in the north west of the project area to tungsten-rich (W) mineralisation in the central areas.

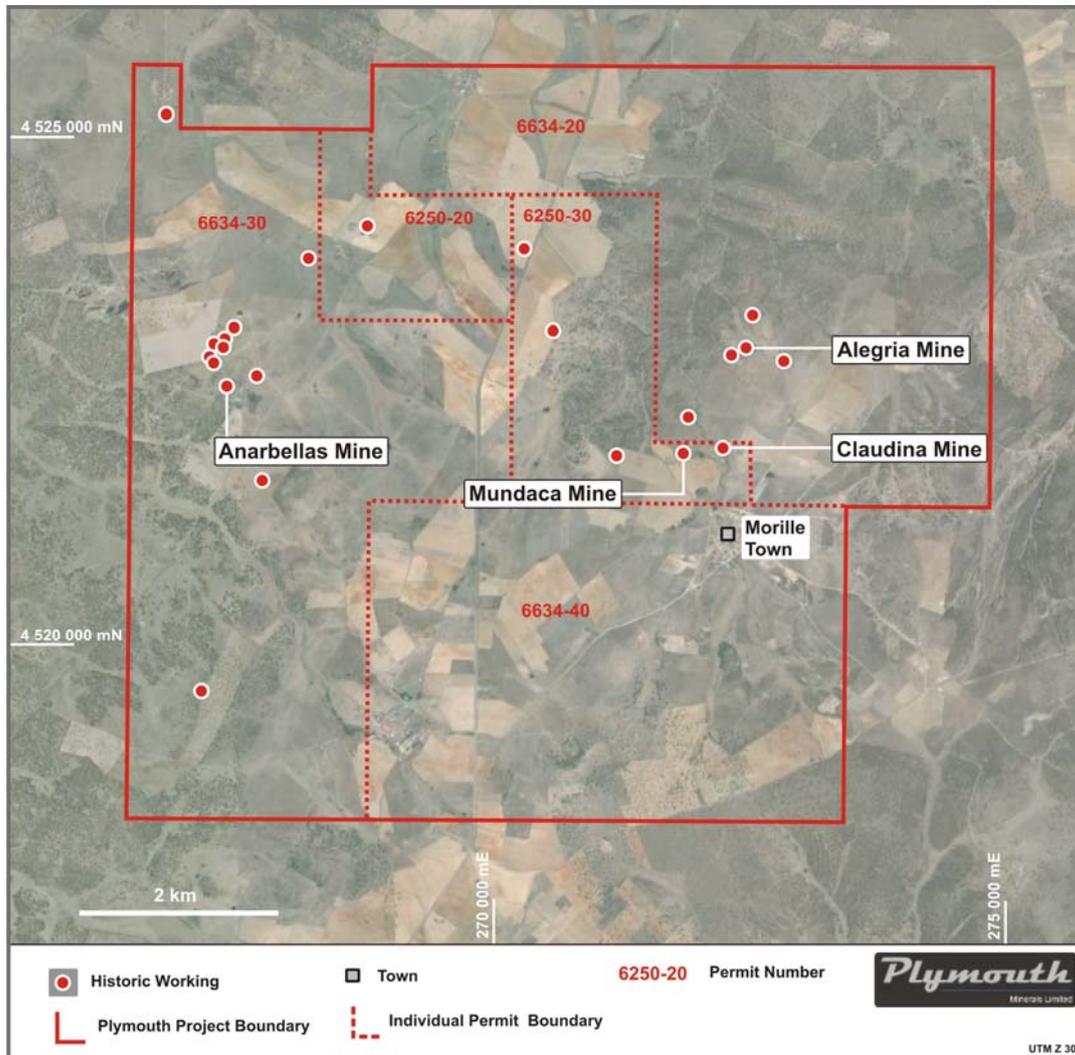


Figure 2: Outline of all Morille project tenure in relation to significant historical mines overlain on aerial photograph.

Mining at the Alegria mine was by underground and open pit methods to 30m depth. Ore was treated using simple gravitational methods and produced an excellent (>70% WO₃) concentrate which is high by world standards with minimal capital expenditure. Drill locations in and around the old workings have already been planned for initial exploration drilling.

Due to the historically fragmented nature of tenement holdings until recent consolidation post mining cessation, and the generally small scale of production from the large number of mines, Plymouth is not currently able to estimate the total production. The regional purchasers of concentrate show in records the high quality of concentrate (up to 74% WO₃) sourced from the mines as delivered after basic gravitational processing on site. There is no guarantee that there will be future production or that any possible production will obtain these concentrate specification levels.



Figure 3: Aerial view of the Alegria mine.

Aurum have progressed the project since its acquisition in 2012 by conducting environmental base line surveys and compiling an extensive amount of historical information on the mining history. It has also worked closely with local parties and has established good community relations.

Access to the project area is gained via sealed roads and within the project area via good quality unsealed roads.

Plymouth advises that it is too early to estimate a resource at this point, and provides no guarantee that one will be defined, or that the project may resume production at some point in the future.

EXPLORATION PLANS

Plymouth plans to continue with the work program lodged by Aurum and approved by the Mines department in Salamanca. This will involve trenching, drilling and preliminary metallurgical test work. A priority is to conduct an initial phase of shallow drilling in late 2013 or early 2014, targeting mineralisation that was proposed to be mined at the Alegria Mine prior to the project's closure.

Further drilling is also proposed around other historic operations in the project area. Further work will be based on results targeting extensions and possible repeats in the project area.

Digitisation of historic mine plans (open pit and underground) will also be undertaken to confirm historical production records.

Limited drilling records derived from several holes drilled by the Spanish Geological Survey in the 1970's have been obtained. Results from these will be very useful in targeting further drilling, and Plymouth plans to release further information pertaining to drilling and mine production records as and when they can be verified according to JORC 2012 standards.

Plymouth is well funded to acquire the project and conduct exploration on this Project.

CONSIDERATION

Under the terms of the agreement, Plymouth will acquire an 80% interest in the Morille Project by acquiring 100% of the shares currently on issue in Castilla Mining S.L., for €300,000 in cash and shares paid over 12 months.

The remaining 20% interest will be held by Aurum Mining PLC. This interest is a free carry until decision to mine stage at which time Aurum can elect to contribute pro rata in the funding and development, or dilute to a 0.5% NSR.

Plymouth has the right to buy Aurum's 20% interest for £2,500,000 in cash at any time prior to the Decision to Mine point.

The acquisition is subject to ASX and regulatory approvals as well as Plymouth electing to complete the acquisition. The terms of this agreement are outlined below and referred to as "Castilla Agreement".

Castilla Agreement: Terms of the Acquisition

- Plymouth shall pay to Aurum;
 - €25,000 upon signing and secure an exclusive 30 day due diligence period.
 - €225,000 upon election to proceed.
 - €50,000 in scrip based on 14 day Volume Weighted Average price (VWAP) of Plymouth share price prior to anniversary. 3 month escrow.
 - Aurum have a Free Carry 20% until Decision to Mine.
 - Plymouth can purchase Aurum's 20% interest at any time until decision to mine for £2,500,000.
 - Upon reaching decision to Mine, Aurum can elect to contribute pro rata in the development of the Project or not contribute and dilute to a 0.5% Net Smelter Royalty (NSR) on standard industry terms.
 - The original Project vendor retains a 1.5% NSR.

NB: Current FX 1 Euro (€) = approximately A\$1.40.

The proposed transaction is conditional on successful due diligence and pursuant to regulatory approvals.

BACKGROUND

The local vendor holds a 1.5% net smelter royalty (NSR) over metal produced. Plymouth is looking forward to working closely with all parties in the area, at landholder, local and regional government levels, to advance the project as beneficially for all stakeholders as possible.

The Iberian Peninsula (predominantly Portugal and Spain) is a prolific metal producing region, and the Company believes that there are other excellent mineral development opportunities for precious (gold) and specialty metals (tungsten, antimony, bismuth) in the region. Spain and Portugal are the largest producers of tungsten in Europe and in the top several countries for tungsten production in the world. One of the largest tungsten deposits in Europe, Barruecopardo, held by Ormonde Mining PLC is located approximately 75km west of the Morille Project. Plymouth makes no representation that the Morille Project will contain similar results.

The excellent infrastructure (workforce, road, rail, water, power) plus supportive local populace and governments, on both a local and national level are key advantages in the potential development of a mineral deposit at Morille.

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Competent Person Statement: The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG an employee of Plymouth Minerals Limited. Mr Byass has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Byass consents to the inclusion in the report of the matters based on this information in the form and context in which it appear.

APPENDICES

Tenure

- 1 Estano de Salamanca Fraccion Segunda – 6250-20
- 2 Estano de Salamanca Fraccion Segunda 2 – 6250-30
- 3 Morille – 6634-20
4. Rozados – 6634-30
- 5 Areasrozados – 6634-40

Morille Mining S.L. is the registered, holder of the 5 investigation permits (listed above) which comprise the Morille Project. Morille Mining S.L. holds a 100% interest in the tenements.
